

# **UTILITIES SERVICE BOARD MEETING**

January 22, 2005

***Utilities Service Board meetings are recorded electronically or stenographically and are available during regular business hours in the office of the Director of Utilities.***

Board President Swafford called the regular meeting of the Utilities Service Board to order at 5:01 p.m. The meeting was held in Conference Room 100B at the Indiana University Research Park at 501 North Morton Street in Bloomington, Indiana.

Board members present: Tom Swafford, Julie Roberts, Tim Henke, Jason Banach, Pedro Roman, John Whitehart and ex-officio member Tim Mayer. Staff members present: Patrick Murphy, John Langley, Julie Martindale, Michael Horstman, Mike Bengtson, Mike Trexler, Adam Wason, Mike Hicks, Nancy Axsom and Joe Perry. Others present: Geoff Mckim representing Technology Service Corporation, Mark Menefee representing Indiana University and Sue Mayer.

Board President Swafford introduced and welcomed Pedro Roman to the Utilities Service Board.

## **MINUTES**

***Board member Henke moved and Board member Roberts seconded the motion to approve the minutes of the January 8 meeting. Motion carried. 6 Ayes, 1 member absent, (Ehman).***

## **CLAIMS**

***Board member Henke moved and Board member Roberts seconded the motion to approve the claims for 2006 expenses paid in 2007 as follows:***

***Claims 0790066 through 0790136 including \$484,981.19 from the Water Operations & Maintenance fund and \$85,024.75 from the Water Construction fund, for a total of \$570,005.94 from the Water Utility; Claims #073,0034 through 073,0077 including \$619,710.21 from the Wastewater Operations & Maintenance fund and \$93,891.46 from the Wastewater Construction fund for a total of \$713,601.67 from the Wastewater Utility; and claim 0770007 for a total of \$2,064.90 from the Wastewater/Storm water Utility. Total claims approved – \$1,285,672.51.***

Board member Henke asked about the timing of paying the Interlocal agreement with the City of Bloomington. He asked what the timing would be for paying it this year. Assistant Director of Finance said the 2007 Interlocal agreement would be paid about half way through 2007.

***Motion carried. 6 ayes, 1 member absent, (Ehman ).***

***Board member Henke moved and Board member Robert seconded the motion to approve the claims for the period of 12/25/06 through 1/05/07 as follows:***

***Claims 0790116 through 0790133 including \$29,904.42 from the Water Operations & Maintenance fund 147,559.27 from the Water Construction fund for a total of \$177,463.69 from the Water Utility; Claims 0730071 through #0730074 including \$57,142.43 from the Wastewater Operations & Maintenance fund and 148,595.87 from the Wastewater Construction fund for a total of \$205,738.30 from the Wastewater Utility; Total claims approved – \$383,201.99.***

Board member Banach asked about a couple of claims for damage to employee's personal vehicles. Utilities Director Murphy explained that the vehicles were damaged by some stones that were kicked up by someone who was mowing.

***Motion carried. 6 ayes, 1 member absent, (Ehman ).***

***Wire transfers and fees for the month of December 2007:***

***Board member Roberts moved and Board member Whitehart seconded the motion to approve the wire transfers and fees for the month of December 2007 in the amount of \$597,420.15.***

***Motion carried. 6 AYES. 1 member absent, (Ehman).***

#### **APPROVAL OF THE CONTRACT WITH BAUGH ENTERPRISES:**

Purchasing manager Julie Martindale explained that this is just a matter of renewing the contract for outsourcing Utilities' bills. She said that this has been done since 1997. The contract with Baugh has been extended every year because they have maintained the same pricing. They are a local company. Altogether it costs \$27,000 to \$30,000 to have the billing done which would be about equivalent to the cost of an employee to do the same work. Ms. Martindale said that a couple of years ago she did an analysis to see if this could be brought back in house. There didn't seem to be any cost savings.

Utilities Director asked what is included in this. Ms. Martindale said that it is for all Utilities billings which would include water, wastewater and storm water as well as hook ups and anything that Utilities sends a billing for. She went on to say that a big portion of the price for having the billing done is postage. She said that Baugh takes care of everything. She just sends them a file of the information. If it were brought back in house it would be necessary to make major investments in equipment. About 268,000 pieces were sent out in 2006.

Board member Banach asked if Utilities just provides data and Baugh takes care of everything else. Ms. Martindale said that was correct. They are given four different files that they merge to produce the bills. Mr. Banach asked if anything else gets outsourced. Ms. Martindale replied that only things that get outsourced are things Utilities does not have the ability to do in house.

***Board member Banach moved and Board member Roberts seconded the motion to approve the contract with Baugh Enterprises. Motion carried. 6 Ayes. 1 member absent, (Ehman).***

#### **APPROVAL OF CONTRACTS FOR WATER INSTALLATION CREDITS:**

Assistant Director of Engineering Bengtson explained that the Utility rules provide an opportunity for developers who have constructed residential developments to apply for water installation credit to be paid back to them. This allows them to recoup some their investment in utility lines to bring service to the new lots. The first contract is for Stella Ridge which is being developed by Blackwell Construction. Mr. Bengtson introduced Engineering Technician Nancy Axsom who does the audit of the value of the asset that is being transferred to Utilities. Blackwell Construction will be credited for 60% of the average water revenue that would have been received in a three year period. In this case that amounts to \$35,353 for an asset that is valued at just under \$60,000.

Ex-officio board member Mayer pointed out that the text mentions that the lines were constructed to the specifications of the USB and were inspected and accepted by the USB therefore the USB will accept their work. He wanted to know if Utilities could go back to Blackwell if anything turned out to be inferior. Mr. Bengtson said that he didn't think that could happen once the agreement is made but there was an inspector on the job during the construction and there are stipulated tests that each of the water, sewer and storm water lines are put through. A preliminary final inspection is done when any deficiencies are listed. They then must go back to correct those deficiencies. Then a final

inspection is done to verify that the corrections were made. By the time all that is done Mr. Bengtson is reasonably confident about the project.

Board member Banach asked when in the process the easements are assigned. Mr. Bengtson replied that that is a part of the accounting that Ms. Axsom does. She verifies that the plats of the easements have been filed at the Courthouse. There is also a condition that if Utilities has paid the developer any over sizing costs that is deducted from the credit. These credits are just for residential developments.

Board member Henke asked at what point in the project the developer comes in for these credits. Mr. Bengtson said it must be after the date of the final inspection and after they have signed a waiver of protest of annexation.

***Board member Henke moved and Board member Roberts seconded the motion to approve the contract for the Stella Ridge water installation credits. Motion carried. 6 Ayes. 1 member absent, (Ehman).***

Assistant Director of Engineering Bengtson then described the Sutton Place development for which Blackwell Construction is the developer. The value of the asset in this case is \$78,000 and Utilities will be paying \$15,000 which is a smaller percentage. That's because there are only 45 lots involved.

***Board member Roberts moved and Board member Henke seconded the motion to approve the contract for Sutton Place water installation credits. Motion carried. 6 Ayes. 1 member absent, (Ehman).***

#### **APPROVAL OF THE CONSULTING SERVICES CONTRACT WITH TECHNOLOGY SERVICE CORPORATION:**

Assistant Director of Finance Horstman explained that this is an agreement to provide support services during 2007 for the CUBS financial program. It's an extension of a previous contract. The amount for this contract is \$24,000 which has been approved in the budget.

Board member Henke said that he was surprised that this money must be spent annually to maintain the CUBS system. Mr. Horstman said that he doesn't expect to use the full amount budgeted. Over the years he thinks the amount of support needed will go down. There isn't anyone on staff who can work on this program. When issues do come up TSC needs to be called in. CUBS is just being used until it can be replaced with something else. Because the Oracle system doesn't have a billing component the CUBS system was added on. TSC's support is called on at least monthly for issues that have come up about the system.

Board member Roberts asked if this is a local company. Mr. Horstman replied that it is.

Board member Banach pointed out that the \$24,000 is a not to exceed amount. He asked if in years past the not to exceed number was reached. Mr. Horstman said that it has been, especially during the 2004 audit.

***Board member Roberts moved and Board member Whitehart seconded the motion to approve the Consulting Services Contract with Technology Service Corporation. Motion carried. 6 Ayes. 1 member absent, (Ehman).***

#### **OLD BUSINESS:**

No old business was presented.

## **NEW BUSINESS:**

No new business was presented.

## **SUBCOMMITTEE REPORTS:**

Board President Swafford reported that there had been a combined meeting of the Finance Subcommittee and the Utilities Task Force to review the final 2005 audit report. He asked Assistant Director of Finance Horstman to give a synopsis of the meeting.

Mr. Horstman said he went over the 2004 audit to explain how the issues had been addressed. The 2005 audit includes the responses to the 2004 audit. The biggest item was the delinquent wastewater accounts. Since April of 2006 184 liens with a value of \$22,796 have been filed on properties. He has turned over 1,118 accounts to the collection agency with a value of \$65,132. Mr. Horstman said he has instituted a pre-lien letter that is sent out to property owners warning them that a lien will be filed on the property if the account remains delinquent. These letters have generated \$37,171. The State Board of Accounts had also asked that the USB adopt a lien policy. That was taken care of at the USB meeting on December 11, 2006.

Another concern the State Board of Accounts had is the supporting documentation for credit card purchases. They felt that all the detail for the purchases should be included when they are brought before the USB. This was addressed in August of 2006. Now when a request for payment is made all the detail is available.

Board member Henke asked that Mr. Horstman tell the rest of the USB about the work that is being done on Standard Operating Procedures. Mr. Henke believes that this is what will prevent future qualified audits. Mr. Horstman said that an MBA class at Indiana University helped make a start of developing SOP's for all the personnel in Finance and Accounting. They got three very detailed SOP's entirely finished. The process will be continued by Utilities staff.

Utilities Director Murphy pointed out that none of the issues in the 2004 audit were carried over into 2005. The condition of the financial records has improved considerably.

Mr. Horstman said that the reason there was a qualified audit is because the State Board of Accounts had no confidence in the records for the things they had issues with. There wasn't enough oversight and review. Now there are reviews and oversight on most issues.

Another thing they had brought up was missed payments. A calendar has been instituted to track all payments. Everybody has access to it and Mr. Horstman reviews it weekly. All of this is a part of good internal control.

Utilities Director Murphy said that some of the problems had come from the CUBS financial program. It has been fixed and now works well. Mr. Horstman explained that one report wasn't accurate. The daily report didn't balance with the monthly report. Now the reports balance.

Mr. Murphy mentioned that when Assistant Director of Finance Horstman was hired the USB required that he have an MBA and be a CPA. That has made a big difference. Mr. Murphy gives all the credit to Mr. Horstman and his staff.

Board President Swafford also thanked Mr. Horstman and his staff.

***Board member Roberts moved and Board member Banach seconded the motion to approve the Finance Subcommittee's recommendation to accept the audit report. Motion carried. 6 Ayes. 1 member absent, (Ehman).***

## **STAFF REPORTS:**

Utilities Director Murphy reported that there had been a water main break in a 12 inch pipe at Dodds and Davis. In the process of trying to locate it a gas line was ruptured. Eight houses were evacuated and Henderson was closed for 4 hours.

Assistant Superintendent of Maintenance Perry explained that they had hit a 2 inch gas main that had been mis-marked. There is a 2 foot window on each side of the mark that indicates where the gas line is. The Transmission and Distribution workers stay completely outside of that window. In this case the mark was in the wrong place so they are not at fault. The gas line was hit at about 10:00 a.m. and both it and the water main were repaired by 2:00 p.m.

Board member Banach asked if T & D does their own locates. Mr. Perry said that T&D locates all water, wastewater and storm water lines themselves. For any other underground lines they use Holy Moley.

Board member Mayer asked how much time Holy Moley has to mark the locates. Mr. Perry replied that they must be marked within 2 hours.

Assistant Director of Engineering Bengtson said that Capital Projects Manager Hicks had an extensive report on all the projects going on at this time that he is managing. Before Mr. Hicks began Mr. Bengtson invited the new Board members to tour the plants.

Capital Projects Manager Hicks said that there are many capital projects going on right now with a couple more about to start. A project was started a couple of years ago to create major improvements at Monroe Water Treatment Plant. The contractor for this project is Danis. The plant has 2 channels which allowed half of it to be shut down for improvements. The pre-filter equipment was completely removed and replaced. Some improvements were made in the filter building. The entire chemical feed systems were scrapped and updated. Some work was done on the back wash system and the 36 inch finished water mains. Then everything was tied together with a plant wide Supervisory Control and Data Acquisition (SCADA) system which is an industrial automated system for process control. This has been a rather difficult project. It is now down to 12 punch list items so the end is near but it doesn't look like finalizing the paper work will take place anytime in the near future. Negotiations are taking place.

A new project was started at the Monroe WTP a few weeks ago. This project will improve the 4 filters that receive influent flow following the pre-sedimentation basins. The filtering media needs to be replaced. There are also under drains that need to be checked. Black and Veatch is the consulting Engineers firm for this project. It is possible that a move will be made to a more updated air scouring system which may eliminate the under drains. The drawings for this are about 30% done. The interior painting of the backwash tank will be added to this project. Danis was able to complete work on the exterior but due to circumstances it seems best to have the interior done as a part of this new project.

At Blucher Poole Wastewater Treatment Plant there is a project in progress with Bowen Engineering Corp. This is an extensive project. It starts at the beginning of the plant with the screen that filters influent. This screen is being improved. A grit removal facility is being built. There have always been grit problems at Blucher Poole. This will help remove grit particulate which will lengthen the life of the equipment. The electrical system will be upgraded. This plant has an un-grounded delta electrical

system which is obsolete and a safety concern. It is being upgraded to a grounded system. A septage receiving station is also being constructed. It's a facility for waste haulers to dump at. This will allow more control such as testing of the influent or to determine volume. There will be some modification of the blowers in the aeration system. The influent pump station will be improved and upgraded with new pumps and switch gear. This project is going very well and is on schedule.

At Dillman Road there is another project in progress with Bowen Engineering for influent pump station improvements. The capacity is being increased. Dillman also has an antiquated electrical system known as a 4160 voltage. There will be a new transformer that will convert that to 460 along with all new switch gear. A SCADA upgrade is being done. The building will be brought up to building code standards. The ventilation and lighting will be improved.

There is a screen at Dillman Road that has been out of service. To protect the pumps a new traveling screen is being installed. The Engineer on that project is HNTB.

Another new project at Dillman that is just getting started is Disinfection and Dechlorination. The contractor for this project is also Bowen. The Engineering firm is Greeley and Hansen. This project has 2 components to it. The disinfection is to remove the gaseous chlorine. The NPDES permit requires that the effluent be disinfected with chlorine between April and October. In the past gaseous chlorine has been used which is a handling hazard. It is being converted to liquid chlorine bleach. There will also be a permanent installation for dechlorination. This project should be finished by June or July of this year.

The final project at Dillman Road is the repair of the equalization basin liner. There have been problems with that liner coming loose and tearing. Mitchel and Stark contractors are doing this project. The Engineering firm is Strand Associates. This project is going very well and should be completed by the end of the week.

Another project is a wet weather project called the Central East mini basin 6 & 7 rehabilitation project. In this project sanitary sewers and man holes are rehabilitated within an area North of Hunter Street, south of Wilson Street, east of Walnut Street and west of South Highland Avenue. This project is being done by Reynolds Inliner Corporation. It will be starting soon.

Finally there is the project to replace the existing Utilities office building that burned with a new building. This building is slightly larger, close to 23,000 square feet. It's a single level, on-slab building that will abut to the existing garage. Schmidt and Associates is the Architectural firm and CDI is the contractor. The steel super structure has been constructed. They are going to get the building enclosed before they pour the slab. They expect to have this project completed by late June or early July of this year.

#### **PETITIONS AND COMMUNICATIONS:**

Board President Swafford read a thank you note that Utilities received from a citizen living on Brookside Drive where an extensive project was done during the summer and fall.

Board President Swafford said that he would update the Subcommittees now that there are 2 new members of the USB. He asked the members to let him know if they have any preferences as to which subcommittees they serve on.

#### **ADJOURNMENT:**

Utilities Service Board Meeting,  
January 22, 2007

The meeting was adjourned at 6:03 p.m.

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**L. Thomas Swafford, President**